

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**  
**FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

0 2 — 1 3

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

October 1, 2002

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447

7. FEDERAL BUDGET IMPACT:

a. FFY 2003 \$ -0-  
b. FFY 2004 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A pages 27 and 27a  
27a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Attachment 4.19-A page 27

10. SUBJECT OF AMENDMENT:

CHF - dental and podiatry

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

James V. HAVANAN, Jr.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

James V. Havanan, Jr.

14. TITLE:

Director

15. DATE SUBMITTED:

8-15-2002

16. RETURN TO:

Michigan Department of Community Health  
Office of Federal Liaison  
Capitol Commons Center - 7th Floor  
400 South Pine  
Lansing, MI 48906  
ATTN: M. Bishop

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

8/16/02

18. DATE APPROVED:

11-8-02

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

10/01/02

20. SIGNATURE OF REGIONAL OFFICIAL:

Brown for Smith

21. TYPED NAME:

Cheryl A. Harris

22. TITLE:

Associate Regional Administrator  
Division of Medicaid and Children's Health

23. REMARKS:

**RECEIVED**

AUG 16 2002

DMCH - MI/MN/WI

transfer; system error in patient classification; and miscalculated payments. Overpayments or underpayments resulting from these errors will be corrected when discovered. Overpayments will be recouped by the Division of Medicaid and underpayments will be reimbursed to the facility. Payment adjustments will not be made for administrative error or audit findings prior to notifying the appropriate facility and affording the facility an opportunity to present facts and evidence to dispute the exception.

2. The hospital corrects a previously submitted cost report. Such corrections must be submitted prior to the end of the current rate period. If an increase or decrease in a rate results, any adjustment shall be made retroactive to the effective date of the original rate.
3. The information contained in the cost report is found to be intentionally misrepresented. Such adjustment shall be made retroactive to the date of the original rate. At the discretion of the Division of Medicaid, this shall be grounds to suspend the hospital from the Mississippi Medicaid Program until such time as an administrative hearing is held, if requested by the hospital.
4. Appeal decisions are made to the Division of Medicaid as provided by Section IV of this plan.
5. Disproportionate Share Hospitals
  - A. A hospital is deemed to be a disproportionate share hospital if the criteria listed below are met.

(1) For purposes of this paragraph, the term "Medicaid inpatient utilization rate" means, for a hospital, a fraction (expressed as a percentage), the numerator of which is the hospital's number of inpatient days attributable to patients who (for such days) were eligible for medical assistance under an approved Medicaid State Plan in a period, and the denominator of which is the total number of the hospital's inpatient days in that period. In this paragraph, the term "inpatient day" includes each day in which an individual (including a newborn) is an inpatient in the hospital, whether or not the individual is in a specialized ward and whether or not the individual remains in the hospital for lack of suitable placement elsewhere.

TN NO 2002-21  
Supersedes  
TN NO 95-15

Date Received AUG 27 2002  
Date Approved NOV - 8 2002  
Date Effective AUG - 1 2002

- (a) the hospital's Medicaid inpatient utilization rate is at least one standard deviation above the mean Medicaid inpatient utilization rate for in-state (located in Mississippi) hospitals receiving Medicaid payments in Mississippi; or
  - (b) the hospital's Medicaid inpatient utilization rate is at least the mean Medicaid inpatient utilization rate for in-state (located in Mississippi) hospitals receiving Medicaid payments in Mississippi; or
- (2) The hospital's low-income utilization rate exceeds twenty-five percent (25%). For purposes of this paragraph, the term "low-income utilization rate" means, for a hospital, the sum of:
- (a) a fraction (expressed as a percentage) the numerator of which is the sum (for a period) of the total revenues paid the hospital for patient services under an approved Medicaid State Plan and the amount of the cash subsidies for patient services received directly from State and local governments, and
- the denominator of which is the total amount of revenues of the hospital for patient services (including the amount of such cash subsidies) in the period; and
- b) a fraction (expressed as a percentage) the numerator of which is the total amount of the hospital's charge for inpatient hospital services which are attributable to charity care in a period less the portion of any cash subsidies for patient services received directly from State and local governments. The total charges attributable to charity care shall not include contractual allowances and discounts (other than for indigent patients not eligible for medical assistance under an approved Medicaid State Plan); and

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the denominator of which is the total amount of the hospital's charges for inpatient hospital services in the hospital in the period.

TN NO 2002-21  
Supersedes

Date Received AUG 27 2002  
Date Approved Nov 6 2002

**B. Computation of Disproportionate Share Payments****(1) High Disproportionate Share Hospitals**

- (a) A hospital is a "high disproportionate share hospital" if (1) the hospital is owned or operated by the State of Mississippi, a unit of government within the State of Mississippi or, at the Division of Medicaid's discretion, a unit of government outside the State of Mississippi but within the confines of a contiguous county or parish and is designated by the Mississippi Trauma System as a Level One Trauma Center and (2) it meets the other qualifications of a disproportionate share hospital. A high disproportionate share hospital must be licensed by the state in which it is domiciled as either a General Medical/Surgical hospital, a Limited Services (as limited by the hospital licensing agency) hospital, a Psychiatric and/or Chemical Dependency hospital or a Medical Specialty (Rehabilitation or other medical specialty) hospital. Mississippi hospitals must be licensed as having public ownership and may not be licensed with ownership as follows: proprietary (for profit-single entrepreneur, partnership or corporation), not-for-profit corporation or association, church affiliation, industrial, or public ownership (state or local government) - leased to another entity for operation of the hospital.
- (b) Disproportionate share payment adjustments to hospitals that qualify as high disproportionate share hospitals may not exceed one hundred percent (100%) of the costs of furnishing hospital services by the hospital to Mississippi residents who either are eligible for medical assistance under this State Plan or have no health insurance (or other source of third party coverage) for services provided during the year, less any payments made by Medicaid other than

TN NO 2002-21

Supersedes

TN NO 2001-13Date Received AUG 27 2002Date Approved NOV - 8 2002Date Effective AUG - 1 2002

for disproportionate share payments, and less any payments made by uninsured patients. For purposes of this section, payments made to a hospital for services provided to indigent patients made by a State or a unit of local government within a State shall not be considered to be a source of third party payment.

- (c) Disproportionate share payments to High Disproportionate Share Hospitals will be made as follows:

The amount of funds shall be distributed to hospitals on a periodic basis to be determined by the Division of Medicaid, based upon the ratio of each hospital's cost of uncompensated care provided to Mississippi residents to the sum of the total cost of uncompensated care provided to Mississippi residents for all High Disproportionate Share Hospitals. Payments will be based upon survey data submitted by the hospitals, such data to be derived from the most recently filed cost reports available at the time of the survey. In no case may a hospital exceed any other limitations for payments described elsewhere in this plan.

(2) Low Disproportionate Share Hospitals

- (a) A hospital is determined to be a low disproportionate share hospital if it meets the qualifications of a disproportionate share hospital set out in 5(A) above but does not qualify as a High Disproportionate Share Hospital.
- (b) Low Disproportionate Share Hospitals shall receive an adjustment to the operating component of their Medicaid prospective rate. The operating component of the Medicaid prospective rate will be increased for Low Disproportionate Share Hospitals by six percent (6%).

- (3) Any hospital which is deemed eligible for a disproportionate share payment adjustment and is adversely affected by serving infants who have not attained the age of one (1) year and children who have not attained the age of six (6) years may, within sixty (60) days of the rate letter, request an outlier payment adjustment to the established rate for those individuals. Adversely affected is defined as exceeding the operating

cap of the class of the facility. The outlier adjustment is only for claims filed for Medicaid recipients under six (6) years of age and is the difference between the rate subject to the operating cap and the calculation of the rate without applying the operating cap.

- C. Amended cost reports must be received by the Division of Medicaid on or before the thirtieth (30th) day following the due date of the initially filed cost report in order for that cost report to be used to determine a hospital's eligibility for disproportionate share status for the state fiscal year.
- D. The determination of a hospital disproportionate share status is made annually and is for the period of the state fiscal year (July 1 - June 30). Once the list of disproportionate share hospitals is determined for a state fiscal year, no additional hospitals will receive disproportionate share status. A hospital will be deleted from disproportionate share status if the hospital fails to continue providing nonemergency obstetric services, if the hospital is required to provide such services.
- L. Legal costs and fees resulting from suits against federal and state agencies administering the Medicaid program are not allowable costs.
- M. Notwithstanding any other subparagraph, depreciation and interest expense shall not exceed the limitations set forth in Appendix F.
- N. Inpatient hospital services provided under the Early Periodic Screening Diagnostic and Testing (EPSDT) program will be reimbursed at the hospital's Medicaid prospective rate, as set forth in Appendix A.
- O. Out-of state Hospitals  
Out of state hospitals in contiguous states are reimbursed at the lower of (1) the average rate paid a like-sized hospital in Mississippi or (2) the inpatient rate established by the Medicaid agency of the domicile state.  
  
Out-of-state hospitals in states other than contiguous states are reimbursed at the average rate paid a like-sized hospital in Mississippi.  
  
The fiscal agent is responsible for verifying the rate with the Medicaid agency in the domicile state. Verification should be made each six months.
- P. The State has in place a public process which complies with the requirements of Section 1902(a) (13) (A) of the Social Security Act.

TN NO 2002-21  
Supersedes  
TN NO 97-07

Date Received AUG 27 2002  
Date Approved NOV - 8 2002  
Date Effective AUG - 1 2002